

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

SCCT-01 /041 W

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R 041935Z NOV 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3337

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E.O. 11652: N/A

TAGS: ELAB, ECOM, AR

SUBJECT: ANOTHER WAGE INCREASE IMMINENT

REF: BA-7155

SUMMARY. CGT SECGEN HERRERAS ADVISED PRESS THAT MINECON WILL ANNOUNCE MAJOR WAGE INCREASE ON NOV 4. CGT PRESSURE FOR INCREASE WAS IN RESPONSE TO UNION LEADERS' LOSS OF CONTROL TO RANK-AND-FILE GROUPS WHICH HAVE SEIZED INITIATIVE IN OBTAINING INCREASES. IF GRANTED, INCREASE SIGNIFIES SERIOUS PROBLEMS FOR RECENTLY SIGNED SOCIAL PACT. END SUMMARY.

1. FOLLOWING LENGTHY MEETINGS NOV 3 WITH MINISTERS ECONOMY, LABOR AND INTERIOR, CGT SECGEN HERRERAS INFORMED PRESS THAT MINECONOMY CAFIERO WOULD ANNOUNCE ACROSS-THE-BOARD WAGE INCREASE ON NOVEMBER 4. REPORTEDLY, INCREASE WILL BE EFFECTIVE RETROACTIVELY TO NOV 1. APPARENTLY WAGE INCREASE WILL BE FOR FIXED SUM, BETWEEN 2-3 THOUSAND PESOS, REPRESENTING APPROXIMATELY 40 PERCENT INCREASE FOR MAJORITY OF WORKERS. CAFIERO'S ANNOUNCEMENT IS APPARENTLY CONDITIONED ON ACCEPTANCE BY PRESIDENT PERON; THEREFORE, THERE IS NO ASSURANCE THAT INCREASE WILL IN FACT BE ANNOUNCED TODAY.

2. HERRERAS JUSTIFIED DEMANDS FOR INCREASE ON GROUNDS THAT
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MANAGEMENT HAD ACTED IRRESPONSIBLY BY SHARPLY INCREASING PRICES

DURING PAST WEEKS. ALTHOUGH THERE HAVE BEEN SIGNIFICANT PRICE INCREASES, THE BASIS FOR LABOR'S POSITION LIES PRIMARILY IN INTERNAL LABOR MATTERS. DURING PAST TWO WEEKS SEVERAL AD HOC PLANT LEVEL WORKERS' COMMITTEES FORCED MANAGEMENT TO ACCEDE TO PAY RAISES AVERAGING 40 PERCENT. IN ADDITION TO ILLEGAL STRIKES, SLOWDOWNS, ETC., TERRORIST ORGANIZATIONS USED THREATS, KIDNAPPINGS AND ASSASSINATIONS IN SUPPORT OF WORKERS' WAGE DEMANDS. ALTHOUGH WORKERS' ACTIONS WERE OPPOSED BY UNION LEADERS, NO EFFECTIVE MEASURES WERE TAKEN TO STOP THEM. IN VIEW LEGITIMATE LABOR LEADERS' LOSS OF CONTROL OVER RANK AND FILE, CGT APPARENTLY FELT IT HAD NO ALTERNATIVE BUT TO ATTEMPT TO REGAIN CONTROL BY MATCHING WORKERS' MILITANCY.

3. COMMENT. IF IMPLEMENTED DECISION ON WAGE INCREASES, WHICH WAS OPPOSED BY BUSINESS ECTOR (CGE), SIGNIFIES BANKRUPTCY OF WEEK-OLD SOCIAL PACT WHICH GOA, CGT AND CGE SIGNED ON OCTOBER 24. HILL

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 04 NOV 1975
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Decaption Note:
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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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